

FISCAL NOTE

Bill #: HB0139

Title: Proof of insurance for vehicle registration

Primary Sponsor: Harris, C

Status: As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
-------------------	------	---------------------------------	------

Fiscal Summary

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
Expenditures:		
General Fund	\$108,860	\$1,600
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	(\$108,860)	(\$1,600)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. Approximately 13,000 no insurance convictions are recorded in the driver license records annually. In calendar year 2001 approximately 1,434 vehicle registrations were suspended for second and third no insurance convictions and 256 driver licenses were suspended for fourth or subsequent no insurance convictions.
2. Annually there are approximately 850,000 vehicles required to carry mandatory liability insurance registered in Montana. A vehicle owner will present proof of insurance when making application for a title and/or registration at the county treasurer's office.
3. It is assumed that each time a new title is required due to a change in the insurance information, a duplicate title fee of \$5 would be required to update the information and print a new title. No information is available to determine the increased revenues due to the number of new titles that would be printed annually as a result of changes in insurance information.
4. A fee of \$2 charged for each duplicate registration fee would be required when a vehicle owner notifies the department/county treasurer of a change in registration. No duplicate registration fee would be assessed if the vehicle owner waited until registration renewal to notify the department/county treasurer of any change in insurance coverage. No information is available to estimate the increase in duplicate registration fee revenues.

Fiscal Note Request HB0139, As Introduced

(continued)

5. Costs for revising the title document and application forms and training the county treasurers staffing would be absorbed within normal operation cycles. Operating costs would increase approximately \$1,200 in FY 2004 and \$1,600 in FY 2005 for postage and supplies to notify individuals that their vehicle registration has been revoked.
6. Significant programming changes will be necessary to the motor vehicle application system to expand the data base and capture the required insurance information, add a new registration revocation process, create a process to track insurance company information so users can determine which insurance coverage is canceled and which is reinstated, as well as adding a new letter process and fee codes to the system. Costs for requirements analysis and design, implementation and testing are estimated at \$31,100 and mainframe computer processing costs at \$76,560 for a total of \$107,660 in FY 2004. Ongoing system maintenance costs are unknown but will have a fiscal impact.

FISCAL IMPACT:

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$108,860	\$1,600
<u>Funding of Expenditures:</u>		
General Fund (01)	\$108,860	\$1,600
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$108,860)	(\$1,600)

TECHNICAL NOTES:

1. Proof of compliance with 61-6-301, MCA, is not described in the bill as introduced. There could be some legal challenges if the department and/or the county treasurers accept questionable documentation. Without a clear definition of the proof of compliance with 61-6-301, MCA, inconsistencies in documentation could exist throughout the state.
2. If the \$75 additional registration fee required on revocation of registration is assessed on the vehicle, a new owner may be required to pay the fee when making application for new title and registration. Without prior notification this may create some difficulties during the titling/registration process for the new owner and/or the dealership selling the vehicle.
3. Assessing the \$75 additional registration fee to the person would be problematic because the existing motor vehicle application system does not have a means of identifying individuals from motor vehicle records. Name alone does not provide enough consistent information to be sure that "Sam Smith" is the same "Sam Smith" on another motor vehicle record. The same individual's name is often listed differently on each of the vehicles they own. Additionally, addresses are not consistent and could not be used for identification.
4. The revocation of the motor vehicle registration would be electronic only. There is no provision for physically obtaining the registration receipt from a vehicle owner not in compliance, which may cause concern for law enforcement.
5. The department will only receive notification of cancellation or termination of insurance if the offender's driver's license was previously revoked and the offender must file proof of financial responsibility under 61-6-131, MCA.

Fiscal Note Request HB0139, As Introduced
(continued)